

2006 PROPERTY TAX REDUCTION PROGRAM

“Circuit Breaker”

Apply between January 1 and April 17

What is the Property Tax Reduction Program?

The Property Tax Reduction (Circuit Breaker) program reduces property taxes* for qualified applicants. The amount of reduction is based on income for the previous calendar year.

If you qualify, the property taxes on your home and up to one acre of land may be reduced by as much as \$1,320.

*Property Tax Reduction benefits will not reduce solid waste, irrigation, or other *fees* charged by government entities.

Who Qualifies?

You may qualify for property tax reduction in 2006 if you meet the following requirements:

1. You owned and lived in a home or mobile home in Idaho that was your primary residence before April 15, 2006. (You may qualify if you lived in a care facility or nursing home. Contact your county assessor for information.)
2. Your income for 2005 was \$28,000 or less.
3. You were in one or more of the following categories as of **January 1, 2006**:
 - **Age 65 or older**
 - **Widow(er)**
 - **Blind**
 - **Fatherless or motherless child** under 18 years of age
 - **Former prisoner of war/hostage**
 - **Veteran** with a 10% or more service-connected disability or receiving a VA pension for a nonservice-connected disability
 - **Disabled** as recognized by the Social Security Administration, Railroad Retirement Board or Federal Civil Service

How to Apply

- **Contact your county assessor for application materials.** The office is listed under County Offices in your telephone directory.
- **Complete an application.** If you need help, the assessor's staff will assist you.

You must show proof of your eligibility, income, and medical expenses when you file your application. If your information is incomplete, you should complete as much of the form as possible by the filing deadline. You must sign your application and file it with the assessor's office by April 17. Once filed, you will be allowed a reasonable amount of time to complete the form after the filing deadline. You must also provide documentation to establish your filing status.

You must apply for your 2006 property tax reduction between January 1 and April 17, 2006.

You must apply and qualify each year to receive this benefit. Property tax reductions are not renewed automatically.

If your application is approved, your property tax reduction will appear on your December 2006 tax bill.

Documentation of Income

Provide the following documents to the assessor's office to show your 2005 income and expenses.

If You File a Tax Return:

- Copy of your federal income tax return
- Documents showing income not reported on your tax return including nontaxable income
- Federal Schedule A or other proof of payment of nonreimbursed medical expenses or a completed medical expense form with documentation
- Proof of payment or prepayment of funeral expenses

If You Do Not File a Tax Return:

- Social Security/Railroad Retirement or other 1099 forms
- W-2s
- Any other documentation showing taxable or nontaxable income from all sources
- Proof of payment of nonreimbursed medical expenses or a completed medical expense form with documentation
- Proof of payment or prepayment of funeral expenses

Income Guidelines

When you complete your application, you must include income reported to you and your spouse in 2005.

You Must Include:

- Wages
- Interest (taxable and nontaxable)
- Dividends
- Business, farm and rental net income
- Social Security/SSI (Supplemental Security Income)
- Railroad Retirement
- Unemployment/workers compensation
- Pensions, annuities and IRAs (excluding qualified rollovers)
- Military retirement benefits
- VA pensions and compensation*
- Department of Health and Welfare payments (Including Aid for Dependent Children and housing assistance)

- Child support and alimony
- “Loss of earnings” insurance compensation
- Disability income from any source*
- Gambling winnings

** Excluding compensation received by a veteran from the VA who has a 40-100% service-connected disability or dependency and indemnity compensation or death benefits paid by veterans affairs arising from a service-connected death or disability.*

When you complete your application, you may **deduct** the following expenses you or your spouse **paid** in 2005.

You May Deduct:

- Medical/dental and related expenses not reimbursed by insurance or other reimbursement*
- Medical insurance premiums*
- Payment or prepayment of funeral expenses
- Farm, rental and/or business losses (You must submit a copy of the appropriate federal schedule.)
- Early withdrawal penalties
- Alimony paid

**Qualified medical expenses are defined in section 213(d) of the Internal Revenue Code.*

Do Not Report the Following:

- Inheritance
- Gifts from friends and family
- Grocery Credit Refund (Form 24)
- One-time lump sum insurance benefits (life, etc.)
- Food stamps
- Fuel/energy assistance
- Principal portion of the payment received from the sale of property

This brochure does not provide comprehensive explanations of Idaho tax laws or rules. For more information, contact:

- Your county assessor
- Idaho State Tax Commission: In the Boise area, 334-7736; Toll free, 800-972-7660 x 7736
- Hearing impaired: TDD 1-800-377-3529
- tax.idaho.gov